## **Social Security and Governmental Entities**

A governmental entity must have a "Section 218 Agreement" (relates to a Federal Statute) in order to pay into social security for their employees that participate in a qualified retirement system. This only applies to the Social Security portion. The Medicare portion must be paid for all employees regardless of whether or not there is a 218 agreement. And even if there is a 218 agreement, the Social Security and Medicare portions must be paid on any employee that does not participate in a qualified retirement system.

The URS is a qualified retirement system, but others may also be qualified. I would need to look at the specifics of each plan to make that determination.

There are two ways each existing charter school can go from here. First, the independent governing board of each Charter School must decide whether or not to hold a referendum allowing their eligible employees (those covered by a qualified retirement system) to vote on whether or not to participate in social security. If that board decides not to hold a referendum, then that charter school must immediately stop paying into social security for all of their employees that are covered by a qualified retirement system. Second, if that board decides to hold a referendum, then they must work with me and I will administer that vote. In these cases, if you are currently paying into social security, then you would continue to do so until the result of the referendum is known.

There are very specific federal requirements that must be met in order for the referendum to be valid. Here are the main requirements:

- 1. The vote must be by secret ballot.
- 2. There must be a notice sent out to each eligible employee at least 90 days before the vote takes place.
- 3. Only current employees that are covered by a qualified retirement system when the 90 day notice is distributed AND are still employed and covered by a qualified retirement system on the date of the vote are eligible to vote.
- 4. A majority of eligible voters must vote in favor of participating in social security in order for a charter school to participate in social security. Any eligible voter that does not actually vote is considered to have voted to NOT participate in social security.
- 5. The result of the vote applies to all employees of the charter school that participate in the qualified retirement system.